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Morschett, D., Schramm-Klein, H. & Zentes, J., Strategic International Management, Wiesbaden: Gabler 2009

Issue and Objectives of the Book

Strategic International Management covers the complexity of international business based on the perspective of Multinational Corporations as inter-organizational and intra-organizational networks. Taking a global perspective it covers the most relevant concepts and developments in International Management. Morschett, Schramm-Klein and Zentes emphasize the role of the external environment, discuss the major coordination mechanisms and organizational structures and examine various foreign operation modes. The book describes the particularities of international value chain activities and management functions and offers a thorough understanding of how Production & Sourcing, Research & Development, Marketing, Human Resource Management and Controlling have to be designed in an international company and what models are available to understand those activities in an international context.

The main objective of this book is to give a compact overview of the key issues of contemporary International Management. This “textbook approach” is combined with comprehensive case studies providing additional content and applications of the concepts as well as suggesting questions and discussion subjects. The diversity of the cases as well as the issues covered by those cases are adding a high value to this book.

This book is covering important issues which should interest a very large audience. Primarily it is intended for advanced undergraduate students and graduate students who major in fields related to International Management, Strategic Management or Business Administration. Furthermore, practitioners from the manufacturing or service sectors with an interest in current concepts in International Management will benefit from the book and particularly from the practice-oriented case studies. Furthermore, the book addresses

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many important issues which should also be known by students, academics and practitioners in the field of economic policy.

Structure and Content

The book is composed of six major parts with a total of 20 thematic lessons, each of which comes along with an extended case study. Part I is an Introduction to Strategic International Management, laying the foundations and providing basic concepts. The concept of the Multinational Corporation as a differentiated network in which different subsidiaries can be assigned individual strategically important roles in order to exploit the advantages of their locations is presented. Furthermore, it is dealt with the tension between external forces towards adaption to the local environment in the host countries on the one hand, and the forces towards global integration on the other hand. Different role typologies of subsidiaries and motives for internationalization are also presented in this first part of the book. The concepts are applied to the case of Multinational Corporations such as British Petroleum, ABB and Siemens in the according case studies.

Part II is dedicated to the external environment Multinational Corporations are facing. First, the importance of tariff and non-tariff barriers and the role of regional integration agreements aiming at reducing these barriers are highlighted. A case study on the Japanese carmaker Nissan in the context of global and regional integration illustrates the subject. Then it is dealt with the heterogeneity in host country characteristics on the basis of Porter's diamond model. It is shown how Multinational Corporations can benefit from locating their activities in countries with a high level of national competitive advantage and in particular industry clusters. This topic is also addressed by an instructive case study on the pharmaceutical industry cluster in the Basel region. The challenges caused by cultural differences between host countries are developed in the last chapter of this part. The according case study focuses on China.

Two core decisions with regard to international activities are dealt with in Part III and IV respectively: the coordination of internationally dispersed activities in a Multinational Corporation on the one hand, and the foreign operation mode on the other hand. The necessity for coordination of the different activities and organization units of Multinational Corporations as well as specific mechanisms are pointed out. It is also explained, that different organization structures lead to employee behavior, different information flows and different subordination patterns. It is shown that the complexity of Multinational Corporation networks cannot be addressed by coordination mechanisms alone. Hence, the role of corporate culture as a substitute for direct supervision in the coordination process is discussed. In particular it is focused on values and the concept of corporate social responsibility, defining the role of the corporation in society. Then, basic types of foreign operation modes are introduced. The institutional arrangements for conducting international business transactions are fundamental for Multinational Corporations. In particular, the choice between internalization and externalization of the activities of the value chain is and the consequences of outsourcing on the value chain architectures of Multinational Corporations are examined. In addition, cooperative operation modes, such as joint ventures or licensing, are confronted with hierarchical operation modes. Again,

the concepts are applied to internationally known companies in comprehensive case studies. Multinational Corporations such as Nestlé or Virgin Group can be considered as best practice cases in the respective strategy fields.

Part V takes a closer look at specific value chain activities of Multinational Corporations, namely international production and sourcing, international research and development and international marketing. Different organizational models are proposed for these specific value chain activities. The choice between different production processes and their geographic configuration is discussed and illustrated with a case study on the Swedish corporation Electrolux. It is then explained that Multinational Corporations face similar decisions with respect to the optimal location of research and development activities. The French food company Danone is considered as an example. Finally it is focused on finding a balance between standardization of the international marketing mix and adaptation to each country market, with a special focus on the international marketing strategy of the Swiss luxury goods group Richemont.

Part VI is finally devoted to selected international business functions. First, human resources, being among the most critical success factors of International Management, are considered. Furthermore, control instruments that help overcome management problems related to the complex multi-level organization of Multinational Corporations are presented. As in parts I to V of the book, it is shown in detail how these concepts are implemented by successful companies around the world on the basis of case studies.

Conclusion

This book represents an excellent contribution to the increasing importance field of International Management. It offers the definitive synthesis of the modern literature on the main strategic issues to be considered in the global business. The text moves fluidly from theory to real world cases. It supplies the growing demand for case study based education and provides a contemporary background for effective training in International Management. His didactic approach will be particularly appreciated for one or two semester courses. This book will be required reading for academics and advanced students in international business as well as practitioners and policy makers worldwide.